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**Oil and the Eruption of the Algerian Civil War:  
A Context-sensitive Analysis of the Ambivalent Impact  
of Resource Abundance**

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# **Oil and the Eruption of the Algerian Civil War: A Context-sensitive Analysis of the Ambivalent Impact of Resource Abundance**

## **Abstract**

Algeria's intrastate war in the 1990s, during which militant Islamists and the state fought fiercely against each other, still raises questions concerning the decisive factors leading to its onset and escalation. This paper uses the resource curse approach and the rentier state theory to understand the impact resource wealth could have had on the outbreak of this violent conflict, then goes one step further, adopting a context-sensitive approach. This approach attempts to juxtapose those conditions directly linked to the resource sector with the general conflict-fueling conditions diagnosed in Algeria. It takes into account conditions both within the country and in the international context. The application of a context matrix allows us to examine the interplay of resource-related factors and other conflict-driving forces, such as socioeconomic, demographic and ideological changes. Such an approach not only broadens the general understanding of the resource-violence link but also enhances our understanding of the eruption of violence in Algeria.

Keywords: Algeria, oil, civil war, resource curse, rentier state theory, context approach

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## **Zusammenfassung**

### **Erdöl und der Ausbruch des algerischen Bürgerkriegs: Eine kontextsensible Analyse der ambivalenten Auswirkungen von Ressourcenreichtum**

Der innerstaatliche Krieg in Algerien, in dem militante Islamisten und die staatlichen Sicherheitskräfte über acht Jahre lang gegeneinander kämpften, lässt Fragen offen hinsichtlich der entscheidenden Faktoren, die zu seinem Ausbruch und seiner Eskalation führten. Um den Einfluss des Ressourcenreichtums auf den Beginn dieses Krieges zu verstehen, verwendet der vorliegende Artikel den Ressourcenfluch-Ansatz und die Rentierstaatstheorie, geht jedoch mit einer kontextsensiblen Analyse noch einen Schritt weiter. Mit einer Kontext-Matrix kann das Zusammenspiel von ressourcenbezogenen Faktoren mit anderen Konflikt treibenden Kräften, wie sozioökonomischen, demografischen und ideologischen Veränderungen, systematisch untersucht werden. Dabei werden direkt mit dem Ressourcensektor verknüpfte Bedingungen von solchen unterschieden, die als allgemeine Konflikt fördernde Bedingungen in Algerien diagnostiziert werden können, und dies nicht nur innerhalb des Landes sondern auch mit Blick auf sein internationales Umfeld. Damit trägt die vorliegende Analyse zu einem differenzierteren Verständnis der multiplen Ursachen des Gewaltausbruchs in Algerien bei.

# **Oil and the Eruption of the Algerian Civil War: A Context-sensitive Analysis of the Ambivalent Impact of Resource Abundance**

**Miriam Shabafrouz**

## **Article Outline**

- 1 Introduction: Theoretical Framework and Research Questions
- 2 The Context Approach and the Interplay of Contextual Conditions
- 3 The Eruption of the Intrastate War in 1992 and Preceding Events (Dependent Variable)
- 4 Contextual Variables and Causal Mechanisms Explaining Violence
- 5 Conclusion: Implications for Theoretical Approaches and Further Research

## **1 Introduction: Theoretical Framework and Research Questions**

In recent years a growing number of empirical analyses and theoretical articles have begun to consider natural resources to be significantly responsible for all sorts of negative developments, for instance, economic distortions, authoritarianism, corruption, and—consistent with the focus of this study—violent conflict. Two main theoretical strands, with partly divergent implications, have crystallized around the assumption of the problematic consequences of natural resources. The “resource curse thesis” (Auty 1993, Sachs/Warner 1995, 2001, Karl 1997, Collier/Hoeffler 1998, 2001, 2002, 2004; Ross 2004, 2006 and others) is mainly

applicable to sub-Saharan Africa and the frequent outbursts of violence in this region, which it explains by pointing to the greed that valuable resources can incite and the opportunity these resources give to belligerent parties to start or to sustain their fighting (Collier/Hoeffler 2001). The rentier state theory, by contrast, is mostly applied to Middle Eastern and South American oil-exporting states and is used to explain these states' remarkable stability (Mahdavy 1970, Beblawi/Luciani 1987, Karl 1997 and others). As these two approaches are not entirely compatible, the question of whether natural resources have universal impacts on the occurrence of violence or whether the decisive influence is exercised rather by contextual variables remains unanswered.

The rentier state theory has frequently been applied in analyses of the lack of democracy and of economic deficiencies in Algeria (e.g., Elsenhans 1989, Goumeziane 1994, Ruf 1997, Dillman 2000, Aïssaoui 2001, Lowi 2004, 2007, Sandbakken 2006) and, as a consequence, to explain the outbreak of violence in the 1990s, which undoubtedly had much to do with the preceding economic crisis. However, other theoretical explanations, such as the impact of cultural factors, particularly that of radical Islam, and of general economic or political factors (for example, transition theory) remain frequently applied to this special case. As the violent conflict in Algeria is highly complex and—despite a number of excellent in-depth case studies (Martinez 1998, Aïssaoui 2001, Cordesman 2002, Werenfels 2007a, and others)—has to date not been thoroughly investigated, it is worth attempting other methods of explanation. The “context approach” (Basedau 2005) adopted in this paper proposes taking a comprehensive view of violence and combines different approaches to explain it. This approach assumes that it is the interplay of various contextual conditions, thereby implying both resource-specific and general conditions, that determines the outcome of resource wealth. This paper aims to identify the relevant contextual conditions and their interlinkages in the case of Algeria.<sup>1</sup> The focus is the outbreak of the war in 1992.

Three main questions will guide the analysis: Did resource wealth and other resource-specific conditions play a role in the outbreak of civil war in Algeria? If the link is indirect—which is very likely the case for most variables—via which causal mechanisms did it function? And finally, what other contextual conditions might have equal or greater explanatory power?

Before the causal mechanisms leading to violence are analyzed, a short presentation of the context approach lays the foundation for the remainder of the paper (Section 2). It is then

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<sup>1</sup> The DFG-financed project “Is Resource Wealth a Risk Factor? On the Importance of Contextual Conditions for the Connection Between Natural Resources and Violence in Non-OECD States,” under the direction of Dr. Matthias Basedau from the German Institute of Global and Area Studies (GIGA), undertakes a comparative analysis of four country cases: Iran, Venezuela, Algeria and Nigeria. These countries have been chosen for their similarities concerning some of their basic resource-specific conditions (oil, degree of dependence and abundance per capita and in comparison with other countries in the region) and their clear differences with respect to the intensity and dynamics of physical violence. The project also comprises a large-N study which uses quantitative methods to measure the impact of contextual conditions.

necessary to briefly outline the period of violence, given that its outbreak is the dependent variable in this study (Section 3). The period under investigation here is the intrastate war during the 1990s.<sup>2</sup> Subsequently, the problem of violence is assessed from the perspective of the context approach (Section 4). First, the resource-specific conditions—among others the resource wealth and resource dependence of the country—and then the various non-resource-specific contextual conditions are identified as being relevant to the evolution of the conflict. The ultimate aim is to demonstrate (Section 5) which contextual conditions probably played a major, and which a lesser, role in the eruption of the conflict, and which had an impact mainly through their complex interplay.<sup>3</sup>

## 2 The Context Approach and the Interplay of Contextual Conditions

To understand the variety of mechanisms that lead to violence or prevent its occurrence, it is useful to look more closely at the specific historic, cultural, economic, demographic, and other contextual conditions, and their changes over time, in a given country, as well as at the country's international relations. It is, of course, impossible to undertake an exhaustive analysis given the innumerable factors influencing the course of political history and the emergence of violence in a single country. Different sets of variables can, however, be identified, and their impact can be hypothesized. The context approach is not incompatible with those theories which assume a link between resource wealth and violence, it aims mainly to bridge the gaps they leave and to address the specific conditions for violence that have so far been neglected. It can help to differentiate at which level resources work as an influencing factor in terms of conflict, but it may also reveal that other contextual conditions have a much greater impact than resources do.

For a clearer view of the link between resources and violence, it is useful to distinguish between four different sets of variables, namely, resource-specific, non-resource-specific, internal, and external variables. Resource-specific contextual conditions are those which are directly linked to the oil resources in oil-wealthy countries and to the international oil market. These oil resources can have negative effects by providing, on the one hand, the *motive* for rebels to conquer power and for the rulers to defend their position and, on the other hand, the *opportunity* for the outbreak of armed conflicts, because the resources are an important source of financing for violent activities, for both rebels and the state (Collier/Hoeffler 2004: 564). More recent analyses distinguish between the type of resource and also between the modes of resource-revenue redistribution (Le Billon 2001, Boschini et al. 2007). Oil is considered to make the onset of conflict more likely (Ross 2004). It is not easily "lootable" for poten-

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<sup>2</sup> Its end and recurring incidents of terrorism afterwards will be taken into account for the sake of completeness, but cannot be analyzed in this paper.

<sup>3</sup> Here the relevance was measured mainly as a result of the author's research, pertinent literature, and interviews with experts conducted during a field study in Algeria in 2008.

tial or actual rebels, given the high technical and infrastructural prerequisites for oil production, and therefore is not necessarily a good means of financing their war activities; however, important oil resources can provide a motive for other states or powerful groups within the country to challenge the central power and, for instance, to fight for secession.

Further, it is assumed that natural resources can *indirectly* increase the probability of violence (De Soysa/Neumayer 2007) via their other effects: economic deformations, corruption, bad governance, low institutional quality (Boschini et al. 2007), a lack of democracy, and human rights violations. In this context the distinction between resource abundance and resource dependence might be important. While very high abundance, at least when measured through the per capita revenue from resources, seems to be linked to less violence—as a result of effective repression, co-optation and large-scale distributional policies (Basedau/Lay 2009)—dependence seems to frequently be connected with violence. Dependence makes resource-producing countries vulnerable to economic crisis.

Non-resource-specific contextual conditions include a very broad range of variables that can be indirectly linked to a country's oil wealth or are independent of it (e.g., Hegre/Sambanis 2006). Both sets of variables can be further differentiated into internal (domestic) and external (international) variables, which are the third and fourth set of variables (respectively) and result in a four-field matrix (see Table 1).

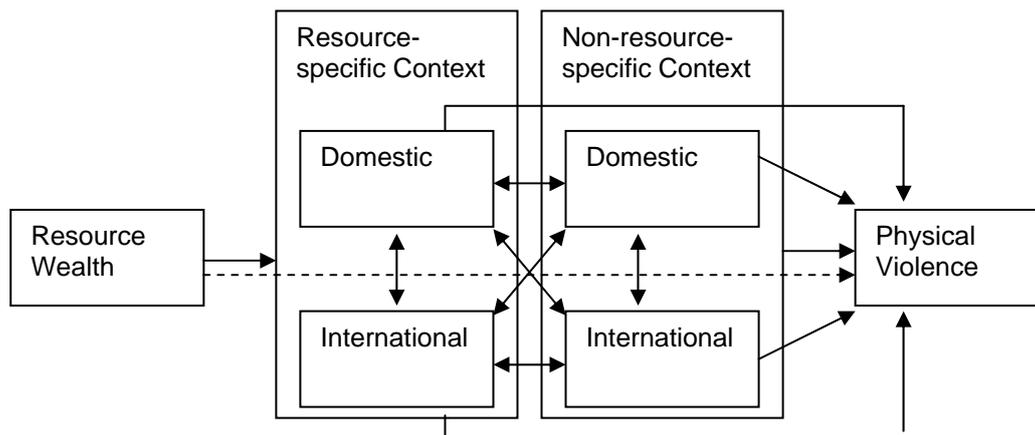
**Table 1: Matrix of Factors in the Context-dependent Relationship between Resource Wealth and Violence**

	Resource-specific	Non-resource-specific
Domestic	<ul style="list-style-type: none"> <li>• Type(s) of resource(s)</li> <li>• Degree of abundance</li> <li>• Degree of dependence</li> <li>• Location of resources within the country</li> <li>• Technical modes of extraction (“lootability”)</li> <li>• Resource-sector management (e.g., tax base, distribution and use, ownership structure)</li> <li>• Direct economic effects of oil</li> </ul>	<ul style="list-style-type: none"> <li>• Socioeconomic development</li> <li>• Demographics (e.g., “youth bulge”)</li> <li>• Geographic factors</li> <li>• Intergroup relations (social, ethnic, religious)</li> <li>• Substate actors (parties, civil society)</li> <li>• Efficiency and legitimacy of institutions (including security sector)</li> <li>• Behavioral patterns of elites</li> <li>• Political ideas and ideologies</li> </ul>
International	<ul style="list-style-type: none"> <li>• Geographical dispersion of resource (across borders, regionally, globally)</li> <li>• External use of the resource rents</li> <li>• Dynamics and actors in international demand (price developments, customer structure, involved multinational corporations (MNCs))</li> <li>• International governance of the resource sector</li> </ul>	<ul style="list-style-type: none"> <li>• Relations with neighboring countries, regional and global powers</li> <li>• Interdependence of the country (economic/political)</li> <li>• General conflict potential in the region (spillover effects)</li> <li>• Regional and international governance/ system</li> </ul>

Source: Author's own compilation based on Basedau 2005.

The various contextual conditions will be selectively analyzed in the following sections. As they are not static but rather evolve over time and as they are not independent from each other, with numerous possible connections between them, the various causal mechanisms, illustrated in Figure 1, will guide the analysis. However, before these mechanisms are examined, it is necessary to consider the events which led to the outbreak of violence in Algeria.

**Figure 1: Interplay of Contextual Conditions**



Source: Author's own compilation based on Basedau 2005.

### 3 The Eruption of the Intrastate War in 1992 and Preceding Events (Dependent Variable)

At several points in its recent history, Algeria has been affected by intense violence,<sup>4</sup> due to which many Algerians and some foreign residents have lost their lives: during the colonial period (1830–1962), when France was using the country as a settler colony and exploiting major parts of its natural resources and arable land; during the bloody war of independence against France (1954–1962); and then, finally, as of the unrest of the late 1980s and especially throughout the 1990s, when the intrastate war under consideration here ravaged the country (from 1992 to approximately 2000).<sup>5</sup> Today there are still major terror attacks every year, but the level of violence has decreased significantly since the late 1990s. Before analyzing the reasons behind the civil war of the 1990s, I will provide a very brief overview of its character and extent.

The intrastate war began conclusively in January 1992, immediately after a military coup interrupted the second round of legislative elections. These elections would have brought

<sup>4</sup> Violence here is deliberately understood in a narrow sense; it is limited to *physical political violence* observable in open conflicts, terrorist attacks or violent repression by the state, and its assessment is essentially qualitative, relying only partially on quantitative datasets.

<sup>5</sup> Other conflicts, such as the one between the central state and the Amazigh (Berber) people, or past and latent conflicts with neighboring states, will not or will only marginally be considered in this paper.

about a clear victory for the new Islamic party, le Front Islamique du Salut (FIS, Islamic Salvation Front), which is what the army wanted to circumvent. But before the details regarding the coup and the violence linked to it are examined, several partly violent incidents that occurred over the course of the previous decade need to be considered. In 1980 Berbers were protesting across the whole of the Kabylia region to reclaim their cultural rights (the so-called Berber spring). This and subsequent protests were severely repressed by the security forces. In October 1988 demonstrations in Algiers soon transformed into major unrest, which swept into other parts of the country. As a reaction, the government declared a state of siege and the military began shooting at the (mainly young) demonstrators, killing several of them. On the third day of the demonstrations the Islamists joined in, and a march organized by them on October 9 ended in carnage, with hundreds dead.

The riots of 1988 brought about an immediate change in Algerian society. A new constitution was decided upon and approved by referendum in 1989. From then on other parties besides the Front de Liberation Nationale (FLN, National Liberation Front), previously the only party, were tolerated. The most successful of the approximately 50 parties created at that time was the FIS.<sup>6</sup> As its popularity increased, the atmosphere became increasingly tense, with the governing party fighting to maintain power. In May 1991, the FIS called for a general strike and civil disobedience in order to obtain a change in the electoral law (which it accused of favoring the ruling party) and to push for the anticipated presidential elections. Although the demonstrations were mainly orderly and in accordance with an agreement made with the authorities, the army commanders intervened and killed at least 20 people (ICG 2004: 7), two FIS leaders were arrested,<sup>7</sup> and thousands of protestors were imprisoned or brought to detention camps in the Sahara. Many of the prisoners were tortured and more than a few “disappeared.” For their part, Islamist forces attacked the posts and troops of the security forces. The state’s repressive measures increased the popularity of the FIS even further, and the party cleverly exploited the widespread dissatisfaction with and mistrust of the regime to broaden its support base. During the first round of the parliamentary elections in December 1991, the FIS won 47 percent of the votes. Just one day before the second round, on January 11, 1992, President Chadli Benjedid resigned under pressure from the military. The army commanders stepped in, canceled the elections, and proclaimed a state of emergency—which is still in force today.

As of this moment, a rapid escalation of violence occurred and the conflict became an intra-state war.<sup>8</sup> The main parties in the conflict were the state on the one hand and several armed

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<sup>6</sup> In June 1990 the FIS won 54 percent of the votes in local elections compared to the FLN’s 33 percent. The party won 853 of the 1539 municipalities and 32 of the 48 *wilayas* (provinces).

<sup>7</sup> Abassi Madani and Ali Benhadj were later condemned to 12 years in prison.

<sup>8</sup> Many observers, especially in Algeria, prefer to speak of an “intrastate war” instead of a civil war, as the latter connotes greater involvement on the part of civil society.

Islamist groups on the other.<sup>9</sup> Initially, the groups targeted by violent Islamists were mainly the security forces and state representatives; as of the autumn of 1992 they began brutally assassinating intellectuals, journalists, and political and workers' union activists (Zerrouky 2002: 92). By laying bombs, such as in the attack on the Algiers airport in August 1992, they aimed to kill many people. The security forces mainly killed armed Islamists and those people considered to be their sympathizers. The state's repression was meant to limit insurgent violence, but it turned out to be heavily violent itself and it contributed to escalating the disposition to violence on the side of the radical Islamists. Over time, increasingly more civilians began to be killed indiscriminately. When Mohamed Boudiaf, the president of the Haut Comité d'État (HCE), which had been the national ruling body since the military putsch, was assassinated in June 1992 during a broadcast speech, the war spun further out of control. Peacemaking attempts systematically failed,<sup>10</sup> and the conflict soon took on even an international scope, with the killing of foreign residents (French, Croats, Russians); the hijacking of an Air France airbus in December 1995 in Algiers, accompanied by threats that it would crash in the center of Paris; and the bombing of several metros in Paris in 1996 by radical Algerian Islamists. Algeria became increasingly isolated: ever more foreign embassies closed and foreign airlines strictly avoided Algerian airports. Sometimes the oil and gas infrastructure was also damaged, for instance, as a result of the bombings of the Trans-Med gas pipeline by armed Islamists in 1997 and other incidents affecting oil and gas pipelines and personnel working in the sector. The climax of the conflict was reached with the extreme massacres of 1997 and 1998. They took place during almost weekly midnight raids, when civilians were murdered indiscriminately and entire communities of 50 to 400 inhabitants were sometimes slain (Cordesman 2002: 120). These massacres were mostly attributed to the Armed Islamic Groups (GIA).

The official death toll<sup>11</sup> of the entire conflict is now estimated at 200,000 and refers to those killed both by radical Islamists and security forces; it does not count the many wounded, tortured, and traumatized people. The military detained thousands of suspects without trial in secret camps. Many of those arrested "disappeared" and are still missing today—estimates put the number at 6,000 persons (Werenfels 2005: 9). The two most bloody phases of the in-

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<sup>9</sup> The participating groups fluctuated and show the fragmented nature of the violent Islamic groups, which also partly fought against each other: The small group Al Takfir wa-l Hijra and the Mouvement pour l'État islamique (MEI) were founded in the 1980s and emerged publicly in 1992 (Martinez 2000: 21). The Groupes Islamiques Armés (GIA) soon joined in, and then the Armée Islamique du Salut (AIS) was founded in 1994 as the armed branch of the FIS party (Martinez 2000: 91). One faction of the GIA would later—in 1998—evolve into the Groupe Salafiste de la Prédication et du Combat (GSPC) and officially be renamed Al-Qaeda of the Islamic Maghreb (AQIM) in 2007 (Steinberg/Werenfels 2007: 407).

<sup>10</sup> Such as the Sant'Egidio Platform, bringing several conflicting parties together in 1994/1995 with the aim of solving the conflict. This initiative was rejected by the Algerian military government, which made it ineffective (<http://www.santegidio.org/en/pace/pace4.htm>).

<sup>11</sup> This number is, however, contested. The estimations vary between 100,000 (or less) and 200,000 victims.

trastate war were between 1993 and 1995 and between July 1997 and December 1998. Since 1999, the level of violence has decreased significantly.<sup>12</sup> Despite a significant reduction in the horrific violence in the 1990s, especially since 1999, which has in turn reduced the climate of fear and insecurity, many analysts consider the conflict not to be entirely over. Rather, it is possible to speak of a *change* in the nature of violence; the groups involved have changed their names and tactics, but some of the actors remain the same.

#### 4 Contextual Variables and Causal Mechanisms Explaining Violence

Flowing from the very brief outline of the level and dynamics of violence in Algeria, this section attempts to explain what caused the outbreak of violence in 1992. The continuation and transformation of this conflict beyond its outbreak is introduced but not analyzed. In a first step, the direct link between violence and internal and external conditions deriving from the resource sector is evaluated; in a second step, the impact of those factors only indirectly or not at all linked to resources—thus more “general” factors—is examined. Because the context approach takes into account the many interlinkages between the contextual conditions, a third step then considers whether the interplay of these conditions was responsible for the eruption of violence.

##### 4.1 The Link between Violence, Oil and Gas—the Resource-specific Factors

If the outbreak of violence can be traced directly or—more probably—indirectly back to Algeria’s resource endowments, there should be indices to verify or falsify this assumed link. It is here considered necessary to distinguish between different resource-specific variables. In accordance with the context matrix, five areas of the resource-specific context are explored in detail in the following discussion: oil abundance, oil dependence, the direct economic effects of oil, the way in which the resource sector was managed, the location and technical modes of extraction, the actors involved in the resource sector (both internal and external), and the dynamics of international demand and international governance in the resource sector.

###### 4.1.1 Oil Abundance

With 12.2 billion barrels of oil reserves today and 9.2 billion in 1988 (BP Dataset 2009), Algeria can clearly be defined as a resource-wealthy state—but only from an external standpoint, that is, in terms of a comparison of its overall reserves to those of other countries. Additionally, Algeria’s Saharan Blend oil, with its very low sulfur and negligible metal content, is one of the best in the world (EIA 2009a) and ideal for petrochemical production. With its 4.5 tril-

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<sup>12</sup> The end of the war is not unanimously fixed at a specific date, however. Some analysts say it was 2000, others 2001 or even later. The UCDP/PRIO dataset (2009) defines the conflict as minor armed conflict in 1991 and 1992, a war between 1993 and 2001, and a minor conflict again in the following years.

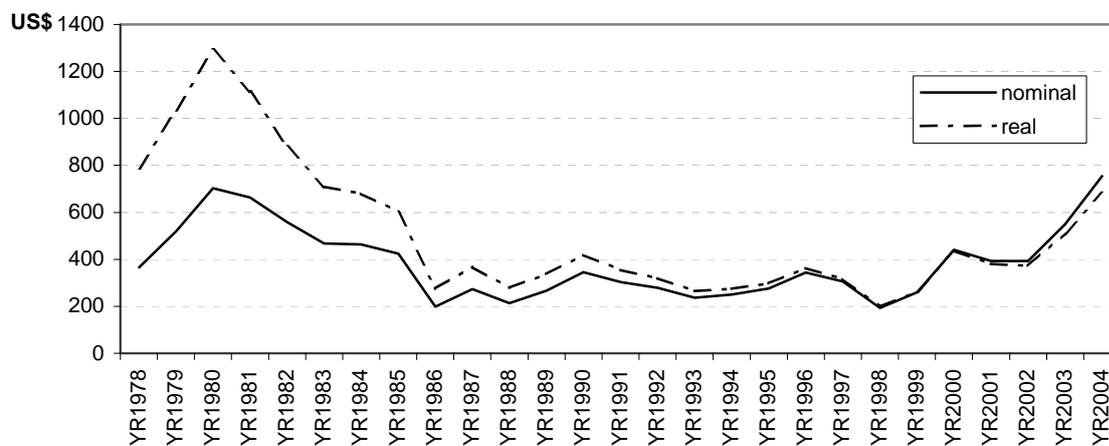
lion cubic meters of gas reserves, the country also has high potential in terms of accessing growing gas markets, which it is increasingly exploiting. With respect to the international distribution of hydrocarbon resources, Algeria can also be considered to be “blessed.” This enormous wealth can, of course, be a motive for conflict, inciting the greed of those who control or who would like to control the resource flows, both within and outside of the country. When it comes to internal wealth, however, the picture is a different one. Because of the size of its population, Algeria is far less “wealthy” in terms of oil than other states and therefore belongs to the “poor oil countries” identified as being prone to internal war by Basedau/Lay (2009): its income per capita from the oil sector was approximately US\$705 during the boom phase in 1980, while that of its neighbor Libya, for instance, was US\$7200 in the same year (EIA 2009b)—more than ten times greater. In 1986, per capita oil income in Algeria dropped with the world oil price to US\$198. Of course, the per capita income in Libya dropped as well, but it was still at US\$1,376 in the same year (EIA 2009b). This relatively low level of disposable capital per capita deriving from the sector makes fierce struggles for the distribution of the revenues more likely: grievances can be awakened when some members of society experience preferential treatment while many others are left out. From this perspective, the relatively low level of per capita oil revenue and its decrease as a result of the drop in world oil prices were responsible for the subsequent economic and social crisis and, indirectly, for the violence linked to it.

#### *4.1.2 Oil Dependence*

Algeria is highly dependent on hydrocarbons, with exports today accounting for approximately 98 percent of the country’s total exports. Further, 76 percent of the government revenues and 44 percent of the GDP come from this sector (data for 2007, IMF 2009). In 1985, the export share was already 95 percent, and exports accounted for 58 percent of government revenues (IMF 2000). In the 1960s, when oil production began, hydrocarbon exports made up less than 50 percent of export revenues (Aïssaoui 2001: 231).<sup>13</sup> This increasing dependency has made the country highly vulnerable to price shocks: export earnings fell from a peak of US\$13.2 billion in 1980 (real value in US\$ 2000: US\$24.3 billion) to US\$4.5 billion (real value: US\$6.2 billion) in 1986 (EIA 2009b), very much in line with the global oil-price fluctuation. Parallel to this, as illustrated in Figure 2, the per capita income also fluctuated; it was additionally put under pressure by demographic growth, as will be explored later.

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<sup>13</sup> The contribution of the hydrocarbon sector to government budget revenues, which was less than 10 percent in the early 1960s, rose to 60 percent in the late 1970s. It was lower in the 1980s (between 22 and 44 percent) but rose again in the 1990s (Dilmann 2000: 32).

**Figure 2: Per Capita Net Oil-export Revenues**

Revenues per capita and per year, nominal (US\$) and real (US\$ in year 2000).

Source: Author's own compilation based on EIA 2009b data. After 2004, the oil revenues per capita soared further, reaching more than US\$1,600 in 2008.

The sudden drop in world oil prices and higher production costs in the Algerian hydrocarbon sector were the main reasons for this stark drop in revenues (Aïssaoui 2001: 15). The price of Saharan Blend collapsed from approximately US\$30 per barrel in 1985 to an average of US\$15 per barrel in 1986 (Aïssaoui 2001: 234). This had numerous impacts on the state and the economy, something which will be explored in 4.2.1. While from 1970 to 1973 the state still received the major share of its budget from normal taxes (58 percent) and a lesser share from petrol taxes (31 percent), this changed rapidly thereafter. In 1980 the state obtained 34.2 percent of its fiscal revenues from ordinary taxes and 63.3 percent from the hydrocarbon sector (Dahmani 1999: 35). These figures reflect the country's increased dependence on natural resources, which was—to a much greater extent than resource wealth—a major cause of instability.

#### 4.1.3 Direct Economic Effects of Oil

The boom period of the 1970s also caused a series of problems, which can be summarized as “Dutch Disease” effects, for the Algerian economy (Cordon/Neary 1982).<sup>14</sup> High oil prices affected domestic prices and revenues, resulting in the movement of financial resources and the workforce from tradable goods (such as food crops and manufactured goods) to the non-

<sup>14</sup> The basic argument is that high windfall gains from natural resources—either through a sudden increase in their price or through the discovery of new resources—function as a shock and can lead a country's economy to import more and export less, other products than the resources in question, which in turn harms the manufacturing sector. An appreciation of the real exchange rate is diagnosed as the mechanism responsible (Williamson 2008: 12). This effect, observed in the Netherlands in the 1970s after the discovery and during the exploitation of a major gas field, is valid for many other resource-exporting countries.

tradable sector (resource extraction and services). This provoked the general weakening of agriculture and industry, greater dependency on imports of food and consumer goods, and the growth of the service sector (Dillman 2000: 14). The appreciation of the local currency ultimately caused the tradable sector, which was unable to compete on the international market, to decline even further (*ibid.*), and non-hydrocarbon exports literally disappeared. The sustained overvaluation of the dinar, among other things, reduced the rentability of all non-hydrocarbon exports (Sheikhzadegan 2003: 267). This in turn limited the possibility of expanding the industrial sector once and for all and fatally increased Algeria's dependence on the hydrocarbon sector. While the government invested significantly in the development of the industry, the economy was structurally incapable of absorbing these investments, which pushed inflation higher. Another fatal side effect of this high inflow of foreign currency was the increased speculation in the economy—also due to the large amount of money in the country—which pushed up the prices of many goods, for instance, vehicles, real estate, consumer goods, etc. (Sheikhzadegan 2003: 265). However, the boom period, and the possibility of Algeria being affected by Dutch Disease effects, was over as of 1986, and it would be almost 20 years before the (real) oil price surpassed the heights of the 1970s.

#### **4.1.4 Resource-sector Management**

After independence in 1962, oil revenues, at least the Algerian state's share,<sup>15</sup> were meant to be used for economic development. In the beginning, the hydrocarbon sector was highly emphasized as the motor for the entire state-driven development process, leading to the neglect of the other economic sectors. This was recognized and corrected in a subsequent five-year plan, which was, however, highly optimistic due to the high oil prices in the late 1970s in the aftermath of the Iranian revolution. The drop in oil prices as of 1982 undermined this plan (Aïssaoui 2001: 231), and the further drop in 1986 eventually exposed the inefficiencies of 20 years of economic development based on central planning and hydrocarbon revenues. From its early years—and up until today—the hydrocarbon sector, which is “the backbone and principal instrument of state power, has remained above supervision, regulation and accountability” (Lowi 2007: 134) in Algeria. Much of the rent income has been used for the economic plans (see 4.2.1.), but parts of it have been distributed in obscure ways. The state-owned company Sonatrach<sup>16</sup> has been called a “state within the state” (Entelis 1999) as it has never been subject to the monetary and fiscal controls that have been imposed on other companies, and because reliable information regarding the methods of distribution, the amount distributed, and their recipients has been unavailable (Lowi 2007: 134). The rents deriving from the resource sector “have facilitated the consolidation of a vast informal clientelist organization that operates under the cover of official institutions. This being the case, Sonatrach remains the locus of some of the most virulent political struggles, at the same time as it

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<sup>15</sup> A significant amount went to French companies active in the Algerian hydrocarbon sector.

<sup>16</sup> Société Nationale de Transport et de Commercialisation des Hydrocarbures.

resists reforms" (ibid.). Through the selective distribution of rents and other material favors, networks of loyal supporters have been constructed (ibid.: 138). This development is widely compatible with the rentier state theory (Mahdavy 1970, Beblawi/Luciani 1987, Beck 2007), which considers the stability of rent-based political economies to be strong during periods of high revenues. From this perspective it is almost logical that in times when the co-optation and large-scale subsidization cease to be possible, in order to keep the opposition to the regime low and the population happy, questions about why the system needs to be like it is become louder. Repressive measures then become the dominant mode of interaction between the dominating and dominated.

#### **4.1.5 *Extraction Locations and Technical Modes of Extraction***

Algeria is a big country—the second-largest in Africa after Sudan—with a total area of approximately 2,381,740 square kilometers. Its large Saharan region contains many other resources, such as gold and uranium, which hold great earning potential. The most important oil and gas fields are also located in the Sahara. The major share of what is produced comes from the two giant fields of Hassi Messaoud (mainly for oil) and Hassi R'Mel (for gas), but there are other productive oil fields, for instance, in the Triassic and Illizi reservoirs (Aïssaoui 2000: 132).

As the hydrocarbon resources are located in remote areas and as their extraction requires very sophisticated technical equipment, the resources can be considered "not lootable" in the sense of Ross (2004) and thus difficult for rebels to seize. Further, most oil and gas pipelines, though unguarded, are deeply buried and well protected against sabotage (Cordesman 2002: 169). At any rate, the main theatre of the civil war was in the—hydrocarbon-poor—northern parts of the country. The extraction of oil and gas was controlled by the state-owned Sonatrach, and the resulting funds were one important source of income for the state. The revenues extracted from this sector went almost exclusively to the government (and the patrimonial and military elite). In this sense, the rentier-state mechanism was at work: the state was able to afford high security spending due to its oil and gas rents.<sup>17</sup>

#### **4.1.6 *Actors Involved in the Resource Sector (Internal and External)***

In order to identify the relevant actors, we have to go back to the beginning of Algeria's oil history. In 1953, a year before the outbreak of the war of independence, which lasted until

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<sup>17</sup> Later, Islamist forces tried to sabotage this life vein of the Algerian regime and committed several attacks on pipelines and on Algerian and foreign employees in the hydrocarbon sector. The number and scope of these attacks were, however, limited, and were not affecting the rise of production and exports. During the war, in April 1995, the government created four military "exclusive zones" in the producing centers of El Oued, Laghouat, Illizi, and Ouargla where traffic and shipments were regulated by army and police units (EIA chronology in: <http://www.eia.doe.gov/emeu/cabs/chnr1996.html>).

1962, the first oil-exploration permits had been given to four big French companies<sup>18</sup> (Keenan 2008: 162). The first hydrocarbon—namely, gas—reserves had been found in 1954, and the first oil fields in January 1956 at Edjeleh in the Amenas region; the biggest oil field in Algeria, Hassi Messaoud, was discovered five months later, in June 1956. These discoveries were an important motive for France to intensify the war and to look for a way of separating the Saharan regions from the rest of Algeria in order to maintain control of the resources (Malti 2006). Thus, Algeria's oil wealth very probably played a role in the evolution of the war of independence, which impacted heavily on the country's further development.<sup>19</sup>

The national hydrocarbon company Sonatrach was founded shortly after independence, in December 1963, and was designed to be responsible mainly for the transportation and sale of hydrocarbons. While the Evian accords—agreed upon in exchange for independence—guaranteed preferential rights and major profits to French companies in the oil sector, the Algerian government under Houari Boumedienne (who took power in 1965 through a coup) progressively nationalized all French oil and gas holdings and petrochemical resources, a process which was completed in 1971 (Aïssaoui 2001: 62ff.). Thereafter, and especially after the mid-1980s, foreign oil companies interested in doing business in the Algerian hydrocarbon sector were obliged to do so in partnership with Sonatrach. In 1991, the hydrocarbon law was amended in a move to involve foreign private companies in operating fields in order to raise investment and increase the state's resource revenues. This move was undermined by the cancellation of the second round of the legislative elections in January 1992 and the subsequent escalation of political violence (Aïssaoui 2001: 235). Nevertheless, the reform of the Algerian oil sector beginning in 1991 opened the way for a number of private companies, mostly US oil corporations, to invest in Algeria's oil and gas industry. Despite repeated declarations that it had no vital interest in the region, the US "came to recognise the window of opportunity for American companies in the opening of the hydrocarbon sector to foreign investments and, more broadly, the prospect of gaining a foothold in the emerging markets of the Maghreb region" (ibid.: 25). It is therefore interesting to note that even though several US and other foreign oil companies had already established interests in Algeria before the 1991 crisis, "it was from this period onwards that the US became a critically important and strategic client of the Algerian regime" (Keenan 2008: 168). It is difficult, however, to draw any conclusions related to this observation.

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<sup>18</sup> Namely, la Société Nationale de Recherche et d'Exploitation des Pétroles - Algérie (S.N. Repal), la Compagnie Française des Pétroles - Algérie (CFPA), la Compagnie de Recherche et d'Exploitation Pétrolières au Sahara (CREPS) et la Compagnie des Pétroles d'Algérie (CPA).

<sup>19</sup> The war cost many Algerians their life—official reports speak of 10 percent of the population. Another 10 percent—including the so-called *pièdes noirs*, i.e., French residents in Algeria—left the country (Sheikhzadegan 2003: 258). The independence war further split the society into those fighting for independence and those aligning with France (*les harkis*).

#### ***4.1.7 The Dynamics of International Demand and International Governance in the Resource Sector***

The problems that followed the 1986 price drop, described above, have to be seen in the context of the sharp rise in crude oil supplies on the world market and the accompanying reduction of demand.<sup>20</sup> A slightly higher production rate on the part of the OPEC countries (mainly due to a unilateral increase in Saudi Arabia's output and increased production by Kuwait in 1988 and 1989 – BP dataset 2009) and the depreciation in the value of the US dollar (Chemingui/El-Said 2007: 339) were two of several factors impacting the price. The Algerian economy was critically exposed to the instability of world oil markets, and this aggravated the country's vulnerability to external shocks (Aïssaoui 2001: 13). The protection measures were also largely based on the hydrocarbon sector and linked to revenues coming from outside the country.

In sum, it can be said that resource-specific factors, such as the heavy dependence of Algeria's economy and political program on its oil income, played a major role in Algeria's vulnerability to changes in international demand and its susceptibility to crisis. The government's direct access to resource revenues also made the financing of a repressive state easier. However, to really understand the impact of these changes on Algeria and their role in the eruption of violence, the non-resource-specific context and the indirect causes of the resource-violence link also have to be taken into account.

#### **4.2 Beyond Hydrocarbons: Non-resource-specific Contextual Variables**

The conflict in Algeria is not directly and not necessarily linked with the country's oil resources, and the economic and social deficiencies are not all due to the hydrocarbons.<sup>21</sup> Essential factors underlying the potential for violence in Algeria can certainly be found within its economic structure (which, however, is mainly dominated by the hydrocarbon sector); its demographic development; the attitude and behaviour of specific actors—among them, of course, the conflicting parties; the type of political system and its legitimacy; and popular ideologies. These and several other internal contextual conditions will be explored in the following discussion. However, external factors seem to have played a significant role, as well. It is also important to consider the impact of colonialism and further reasons for the current dependence and vulnerability of Algeria beyond internal miscalculations. Geopolitical inter-

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<sup>20</sup> Following the 1973 and 1979 energy crises, economic activity in the industrial countries slowed down, and the increasing use of alternatives to oil for electricity generation (such as natural gas, nuclear power and ethanol) and for home heating and cooking (natural gas) further reduced the demand for oil. Additionally, automobiles and other oil-fueled equipment became more efficient, and new production sites in the North Sea increased the oil supply.

<sup>21</sup> Interview with Youcef Bendabdallah, researcher at the Centre of Research in Applied Economics for Development—CREAD, Algiers, 17.2.2008.

ests and changes in the worldwide distribution of power have also had a significant influence on the power structure and possibly also on the conflict dynamics.

#### 4.2.1 *Socioeconomic Factors*

The economic crisis was certainly a major cause of the eruption of violence in 1988. The shortages of food and pharmaceuticals on the official markets revealed the structural imbalances of the economy, which was—and is even more so today—heavily dependent on imports of all sorts of consumer goods. The one-sided reliance on the export of hydrocarbons combined with the above-noted collapse in prices, which meant serious trouble for the state, was only part of the problem. Fundamental political and economic decisions from years earlier that emphasized commerce rather than productive industry, as well as the demographic evolution, meant that Algeria was one of the worst hit among the oil-exporting countries.<sup>22</sup> The civil war then further consumed resources that could have been used for investments in social infrastructure and economic growth and was in itself a serious setback for development.

The successive Algerian governments had, indeed, great plans for the development of an independent Algeria, and they envisioned (more or less consistently) using the revenues from the hydrocarbon sector for the development of the rest of the economy. A substantial component of the Algerian development strategy was “the industrializing industries,”<sup>23</sup> an approach which followed development theory’s assumptions that the creation of heavy industry<sup>24</sup> would bring about automatic development in other sectors (Dahmani 1999: 31ff.). A considerable amount of the resource revenues were channeled into oversized, massively inefficient state-controlled industrial complexes, and barely anything was saved (Lowi 2007: 129). After years of French colonialism, under which the growth of indigenous agricultural and industrial interests was prevented, the revolutionary elite encountered little opposition from domestic capital holders to their program. Fatally, oil exports grew significantly prior to the establishment of a large entrepreneurial class which could have promoted economic diversification. This made later economic reforms far more difficult (Dillman 2000: 9). Moreover, the infrastructural projects were carried out at great speed and were not financed with the revenues actually collected from Algeria’s hydrocarbon exports but rather with anticipated revenues—that is, with loans.

Domestic agricultural production met 70 percent of Algeria’s needs in 1969, 50 percent of them in 1982, and only 20 percent in 1987 (Aouragh 1996: 98). At the beginning of the 1990s Algeria imported two-thirds of its cereals, one-quarter of its meat, two-thirds of its milk, and nine-tenths of its cooking oil (Benakli 1992: 246). The increase in alimentary needs was approximately 5 percent per year between 1980 and 1990—also due to the population explosion

<sup>22</sup> Besides, of course, Iran and Iraq in the aftermath of their war.

<sup>23</sup> “*Les industries industrialisantes*,” development theory of Gerard de Stanne de Bernis.

<sup>24</sup> In this case: capital-intensive steel industry, mechanics, electromechanics, chemistry, and energy.

(*ibid.*: 269)—while the average annual growth of agriculture was a little lower (4 percent). This clear deficit in alimentary production could only be tackled with massive imports, paid for with hydrocarbon revenues. The costs amounted to US\$2.2 billion in 1986, which was 20 percent of the total petrol rent (Aouragh 1996: 98).

All this together resulted in Algeria becoming significantly indebted, despite its high revenues; when oil prices fell in 1986, this problem became highly critical: the debt amounted to US\$23.3 billion in 1987 (World Bank 1991, 1993 quoted in Ruf 1997), while the annual oil income was much lower (approximately US\$6.3 billion (EIA 2009)). The debt service ratio, that is, the ratio of debt repayment to export revenues, rose from 33 percent in 1982 to 68 percent in 1986 and 86 percent in 1988. After a slight decrease in the intervening years, it was still at 82 percent in 1993 (Dillman 2000: 34). The state became further indebted in order to compensate for the falling hydrocarbon revenues available to finance investment and consumption (Aïssaoui 2001: 234). Additionally, the long-overvalued Algerian currency faced great pressure. In 1985 the exchange rate was 5.03 dinar to one US dollar; in 1990 it was twice as much; and in 1992 it was 22.50 dinar to one US dollar. On the black market the rate was as much as 46 dinar to one US dollar—nine times the official exchange rate of 1985 (Goumeziane 1994: 89). This, of course, multiplied the weight of the debt. In the period between 1985 and 1988, the ratio of external debt to GDP rose from 31 percent to 42 percent; in 1991 the cost of servicing the debt reached a height of US\$9.4 billion, while export revenues totaled US\$12.3 billion. In 1993 revenue fell again, meaning that the cost of servicing the debt became even higher. This brought the state to the brink of bankruptcy.

President Chadli Benjedid, Boumedienne's successor, who ruled from 1979 until 1992, refused to default on the country's debts. Instead, he tried to develop agriculture, light industry, and social infrastructure. He also introduced a drastic austerity policy, which resulted in a catastrophic drop in the consumers' purchasing power (Lloyd 2003: 8). Radical reductions in subsidies for staple foods, the lifting of price controls, the downsizing of welfare programs, and a cut in imports had clear repercussions for the population. Further, inflationary pressures worsened the situation, both for the overall economy and in terms of the purchasing power of the population.<sup>25</sup> The living standards, which were already not the best, fell further.

A major factor contributing to the aggravation of the Algerian economic and social crisis as of 1986 was the high rate of unemployment. It rose from 16 percent in 1983 to 23.6 percent in 1989 and 30 percent in the 1990s (Lloyd 2003: 8). This increase was caused in large part by the

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<sup>25</sup> As of 1969 prices rose continually, at an annual average of 10.1 percent (varying between 7 and 20 percent). By 1992, prices had risen by approximately 812.3 percent above 1969 levels. After 1989, the consumer price index, measuring inflation, became much higher, reaching 31.8 percent in 1992 (Aouragh 1996: 238). The reasons for inflation lay primarily in the imbalance between demand and supply. Supply was growing too slowly—paralyzed by the low domestic productivity—to satisfy domestic demand. And this demand was boosted partly by higher revenues from the resource sector (*ibid.*: 240).

decreasing number of jobs in the public and manufacturing sectors. The general economic crisis of the 1980s (caused by the drop in oil prices) and the debt problem were most certainly at the root of the closure of many factories and public enterprises. However, the inefficient management of these entities and their lack of competitiveness on the world market (partly as a consequence of the “Dutch Disease”) were also responsible. The government’s concentration on capital-intensive industry had not led to a sufficient level of job creation (Lowi 2007: 130). While in 1974, 57 percent of the workforce worked in the agricultural sector, the sector accounted for only 18 percent of the workforce in 1994. The percentage of the labor force in industry and in the service sector rose from 17 percent to 33 percent and from 26 percent to 49 percent, respectively, over the same period (Amuzegar 1999: 227). The labor market situation worsened further during the intrastate war. On the whole, socioeconomic factors appear to have been crucial to the growing frustration of the population, the central state’s loss of legitimacy, and the growing popularity of opponent forces in the run-up to the war.

#### **4.2.2 Demographic Factors**

During the 1980s the job market became tighter due to the growing demand of the younger generation, a result of the age structure of the population, which was (and is still) predominantly young, and the increasing acceptance of female participation in the workforce (Aïssaoui 2001: 238). Between 1977 and 1987 the population of Algeria grew by 42.4 percent (Benakli 1992: 34). One reason was the high birth rate; another reason was the large number of Algerians returning from France (Sheikhzadegan 2003: 258). Life expectancy also increased, from 54 years in 1972 to 67 years in 1990, and infant mortality dropped from 143 deaths per 1,000 births in 1970 to 54 in 1990 (WDI 2009). This was likely due to a higher standard of living and improved access to medical care. Only in the 1980s was an official family planning program implemented. The creation of such a program had previously not been seen by the decision makers as an urgent issue in relation to the size of the country, and the regime had even promoted a high birth rate in the aftermath of the war of independence in order to compensate for the loss of “human capital” suffered during the war. When the government realized the problems a high population growth rate would create, it was very difficult to introduce birth control; many parents wished to have many children (Sheikhzadegan 2003: 258ff.). The reawakening of traditional Islamic values, which favored large families, played their part in this population development as well.

The consequence was a disproportionately large share of young people in a society. Such a “youth bulge” (Fuller 2004) is considered by some analysts to be linked to a high potential for violence—especially when the high number of unemployed, frustrated young men is taken into account (Fuller 2004, Urdal 2004, Heinsohn 2006). This, however, is not considered here as being pivotal in and of itself (see also Kröhnert 2004). By 1986 it was estimated that approximately 75 percent of Algerians between 16 and 25 years old were without work

(Cordesman 2002: 113, footnote 126).<sup>26</sup> Precisely at the moment when the economy was shrinking dramatically, masses of young people were entering the labor market (Lowi 2007: 132). So many young people frustrated by their precarious economic situation and a lack of opportunities—together with other contextual variables—can hold a highly explosive potential for a country in crisis. It is possible that the dashing of young people's expectations—for instance, through the sudden awareness that a regime cannot fulfill its developmental promises—is much more frustrating for young people, and thus more conducive to aggressive behavior, than a state of permanent resignation in which their expectations do not have a chance to grow.

Further, in 1988 more than 50 percent of Algerians lived in towns for the first time in the country's history (WDI indicators 2009). The boom in the industry and service sectors had motivated millions of peasants—who were also frustrated by the effects of the agrarian revolution—to leave the rural areas in the search for better-paid work and better access to the state's services (Sheikhzadegan 2003: 257). The urbanization rate, as Huntington (1968) has stipulated, produces instability when it increases too quickly. It also proves, on the basis of international comparison, to be robustly linked with a greater risk of regime failure (Smith 2004: 238). Algeria's rural-urban migration increased the pressure within the labor market and probably also the frustration of the unemployed. It can be seen as a consequence not only of the neglect of agriculture and the rural areas as a whole (Lowi 2007: 130) but also of the modernization and industrialization policy of the 1970s, which raised many people's hopes of finding jobs in the cities and devalued the agricultural profession in the eyes of many (Dahmani 1999: 34f.).

#### 4.2.3 *Conflict Potential between Social and Identity-based Groups*

The economic crisis in the 1980s did not affect all sections of the population in the same way, and some even drew considerable profit from it. While Algeria's social structure was relatively uniform at the time of independence, a new elite consisting of single-party elites, the military, and bureaucrats, which clearly differed from the rest of the population, gradually emerged (Sandbakken 2006: 141). To make the extent of the social inequality palpable, some indicators are of help: While 5 percent of the population earned 45 percent of the national income in 1988, 50 percent earned less than 22 percent (Keenan 2008: 164). Poverty and pauperization were widespread: 46 percent of citizens, that is, approximately 13 million people, lived below the international poverty line of US\$1 per day (Conseil National Economique et Social 2002). The members of the younger generation, who did not remember the FLN's struggle against France so well but saw its clear failures in governing (Cordesman 2002: 114), began expressing their dissatisfaction. The economic problems were directly affecting their lives, as was the abuse of power by the military. Therefore, one possible cleavage which can

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<sup>26</sup> According to official sources, 61 percent of young people between 15 and 19 years old and 32 percent between 21 and 25 years old could not find work (ONS 1989, quoted by Benakli 1992: 234).

be identified is that between the establishment and the “newcomers,” especially the younger generation as a whole.<sup>27</sup>

Elsenhans has theorized the split between the elite and the different sections of civil society observable in Algeria in his concept of the “state class” (Elsenhans 1989, 2001, 2005). The state class consists of several segments in rivalry with one another, each of which is composed of one central and several peripheral clans and groups. Only through the receipt of rent income—and here the oil economy becomes relevant—do these groups of clans become a segment with more or less clear political, economic, ideological and social programs and goals (Ouaissa 2004: 203). “Clans” consist of smaller groups and actors and are based on trust-inducing features such as kinship, tribalism, regionalism, family, language, ethnic origin, religion, etc. Thanks to their relationship to actors in power, some of them become influential and have access to the distribution of the hydrocarbon rent and other economic advantages, such as easier access to import licenses and land ownership. In this sense, the uprisings in the 1980s “were not just the expression of deteriorating socio-economic conditions, discontent over administrative, political and economic mismanagement and lack of political participation, but also of factional struggles within the core elite between proponents and opponents of economic reforms” (Werenfels 2007a: 11). A society that is deeply split into wealthy and poor people holds greater potential for violence—which can, however, remain latent. If the divergences between the groups start to change, for example, they increase or decrease, the probability of violence increases (Hippler 2006: 67). In particular, the divergence between the expectations and hopes of large parts of the population on the one hand and the social realities and visible advantages of a few on the other hand can trigger violence.

Other cleavages existed and also contributed to the outbreak of the civil war, but they were not the main causes. The aspect of ethnicity and the resistance of the Amazigh people became relevant mainly because of the privileged role given to the Arab language in education. This Arabization policy—a core element of the “Cultural Revolution”—was ideology-driven. Although it had been instrumental in the FLN’s resistance against French colonial domination and emphasized the importance of education (Sheikhzadegan 2003: 272f.), it was problematic in its realization and not functional for post-independence Algeria (Aïssaoui 2001: 17). Not only did it “frustrate the cultural and linguistic aspirations of the Amazigh (Berber) communities but it resulted in lower expectations and fewer employment opportunities for the vast underprivileged youth” (ibid.). The elite was still predominantly French-speaking or at least bilingual, and this was a clear advantage in accessing further education and the labor market, for instance, employment in the military and the hydrocarbon sector (Willis 1996:

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<sup>27</sup> The generation born after independence had largely been excluded from participating in posts of responsibility in the FLN, which mainly considered those who had taken part in the war of independence worthy of sharing power (Boubekeur 2008: 5).

51f., Sheikhzadegan 2003: 270). As a result, cultural affiliations translated into economic disparities.

The question of identity is even more pertinent in the case of the specific claims of the Berber minority. Approximately 20–25 percent of the population in Algeria were Berber-speaking, and while the Algerian government had tried after independence to reaffirm the Arab character of the state, many Berbers wished to exercise their cultural rights. It was less a question of regional autonomy than an objection to the government's portrayal of identity questions as taboo and its outlawing of Berber-language events and lessons. The Berber protested a long time—most visibly during the “Berber spring” in 1980—to establish their language (Tamazigh) as a second official language, taught in school and promoted by the state. For Said Sadi, who was one of the leaders of the Berber spring, the post-independence regime made the same mistake the former colonial power had by denying the Berber component of the Algerian identity. Instead, it put its emphasis on socialism, “Third-Worldism,” and pan-Arabism (Sadi 1996).

Finally, of course, the principles of Islam also came into play in providing fodder for conflict. However, it is questionable whether they caused a real cleavage, as a clear majority of Algerian society were (Sunni) Muslims, and the state referred to Islam as one of its founding principles. There was, nevertheless, a religious/secular divide, which could be considered to be the most essential cleavage in the conflict. But this cleavage was also incorporated in the ruling party,<sup>28</sup> as some members favored a more prominent role for Islamic principles, for instance, then president Chadli Benjedid. The emergence of radical, ready-to-fight Islamism must have been for other reasons. Cleavages were existent—for example, around the question of how to interpret Islam, more traditionally or in a more modern way—but due to the fact that there were no legitimate means of political participation—or that those ways were barred when they became a threat to the ruling class—the frustration on the side of the masses grew and was easy for the Islamists to mobilize. The politicization of culture and religion as a means to access the inner circles of the state class becomes more likely when other paths to power remain closed (Ouaisa 2004: 219). In sum, there was effectively conflict potential between social groups, but it was less linked to ethnic or religious tensions than to socioeconomic disparities and unequal opportunities.

#### 4.2.4 *Quality of Political Institutions (Efficiency and Legitimacy)*

A repeated slogan of the protesters in 1988 was their fight against “*la hogra*”—that is, their own humiliation by those in power, the leaders' contemptuous abuse of authority, and the exclusion of the majority. The authoritarian one-party rule in place for so many years, with the FLN in power, and the dominance of a small elite was suddenly cracking. Its lack of efficiency became obvious and caused a serious loss of legitimacy in the eyes of the population.

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<sup>28</sup> This goes back to the history of the struggle for independence, which channeled different opposition movements, among others those which brought forward political Islam, together.

The causes of the many protests can also be seen in the government's blocking of any form of public discussion in which it would have been possible for the population to express its dissatisfaction.

The legitimacy of the regime in Algeria "had been steadily dwindling since the death of President Boumedienne in 1978, yet it was not until the Islamist alternative became strong and organized nationwide that the collapse of the existing system became imminent" (Wernfels 2007a: 13). This loss of legitimacy was acknowledged by the then president Chadli Benjedid. On his initiative a new constitution was elaborated and passed by referendum in February 1989. A formally pluralist system allowing more direct participation was established, and the army had to retire from the central committee of the FLN. Numerous political parties were formed and legalized in the same year, among them the FIS.<sup>29</sup> The government based its decision to open the political system on several incorrect assumptions (Mattes 2003: 162). On the one hand, it overestimated the possibilities for reforming the FLN; on the other hand, it underestimated the attraction and mobilizing power of the Islamists of the FIS. Finally, it also underestimated the dissatisfaction among large parts of the population with the state's performance and the resulting potential for protests and strikes.

After the initial successes of the FIS, the FLN government tried to increase its chances of winning an election by modifying the electoral law in 1991. This worsened the atmosphere in the country and led to demonstrations and strikes under the guidance of the FIS (Hasel 2002: 84). When the results of the first round of the legislative elections in December 1991 showed that the FIS had obtained more than twice as many votes as the FLN, and that with 47.27 percent it was even very close to holding an absolute majority, the FLN-led government found itself in a real crisis. The second round was planned on January 16, 1992, but it was not to take place. The National Assembly was dissolved on January 4, an event which became public on January 11 when President Chadli Benjedid announced his resignation. The military stepped in with a *de facto* putsch, presenting itself as the savior of the nation. The main fear vocalized by the government was that the FIS could attain a two-thirds majority in parliament and then be able to make constitutional changes, such as the establishment of an Islamist state.<sup>30</sup> On January 14, the High Council of State (HCE) was created. It was composed of six members<sup>31</sup> appointed to collectively assume the role of the president until the end of his mandate in December 1993.

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<sup>29</sup> Others included, for instance, the RCD (*Rassemblement pour la culture et la démocratie*), and the FFS (*Front des forces socialistes*), a clandestine party that had been in existence since 1963 and was mainly supported by Berbers.

<sup>30</sup> This, however, is an incorrect assumption as constitutionally only the president can initiate constitutional amendments in Algeria (ICG 2004: 8).

<sup>31</sup> These members were Mohammed Boudiaf, who returned from his Moroccan exile; General Khaled Nezzar, minister of defense; Ali Haroun, minister of human rights; Ali Kafi, president of the Association of Former Mujahedeen; and Tidjani Haddam, rector of the mosque in Paris.

In choosing the members of the HCE, the army made some efforts to give a civil façade to the government. To substitute for its obvious lack of democratic legitimacy, it tried to mobilize the prestige capital of historic personalities (Ouaisa 2004: 206) such as Belaid Abdesselam and Ali Kafi, both of whom had fought during the war of independence. One of the most prestigious figures of the Algerian revolution was certainly Mohamed Boudiaf, who was convinced to come back from his Moroccan exile and act as head of state (Aïssaoui 2001: 20). Only a few months after his appointment, on June 29, 1992, he was shot by a gunman, Sublieutenant Lembarek Boumaarafi.

While the army immediately accused the fundamentalists of the crime and launched a new crackdown on the FIS, those responsible for the assassination remained unclear. [...] most Algerians did not believe the Islamists were responsible. Instead, it was widely thought that the assassination had actually been planned and facilitated by senior figures within the Algerian regime itself—the result of an irreconcilable clash of interests inside the ruling elite.<sup>32</sup>

This widespread mistrust, justified or not, shows the extent to which the military leadership had lost legitimacy. The military remained very actively involved in politics since Algeria's independence. Its attitude and repressive actions in the late 1980s did not silence but rather empowered the opposition forces. During the unrests of 1988 and even more so later on, Algerian security forces "lost whatever remained of their largely mythologized role as the 'honourable guarantor of the revolution'" (Keenan 2008: 166) and increasingly tried to compensate with large-scale repression. This only polarized the society even further.

#### 4.2.5 *Political Ideas and Ideologies*

To understand the emergence of radical Islamism in Algeria, it is necessary, once again, to go back in history. French colonial rule (1830–1962) had a brutally disruptive effect on the country. It dispossessed the Algerian society of its freedom and wealth and deprived the indigenous people of their integrity, leaving them intellectually and morally disoriented (Aïssaoui 2001, Kogelmann 2005: 419). During this time, France also virtually destroyed Algeria's Islamic foundations (Penner Angrist 2006: 48).

The Salafist movement emerged in the Maghreb region at the end of the nineteenth century as a direct reaction to the confrontation between European and Muslim states and aimed to reform Islam so that the religion could regain power (Kogelman 2005: 418). It therefore needs to be understood in the context of colonialism and the resistance to it. Even if this movement defined itself as purely religious and cultural, it was also an important element of the Alge-

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<sup>32</sup> Cordesman 2002: 117. Indeed, a great lack of clarity remains with respect to the circumstances of his death, among other things the fact that none of the security personnel were in place to protect him. His widow accused several people in power of being behind the attack (Zerrouky 2002: 76ff.).

rian nationalist movement (Kogelman 2005: 419).<sup>33</sup> Over time various strands of Salafism have emerged: political, Jihadi and Salafiyya 'Ilmiyya (scientific/Da'wa). The radical strand of Salafism, which advocates Jihad and political Salafism, is today much weaker than in the 1980s/90s. The main movement is now Da'wa Salafism, a strongly missionary movement pushing Muslims to renew their commitment to Islam and to return to the purer ways of their ancestors (Boubekeur 2008: 3). This movement has become a mainstream movement, "part of a nonviolent tradition that rejects modernity and Westernization and that considers the Algerian state to be the outcome of both, but does not seek to overthrow it" (ibid.). The radical Islamist groups in Algeria in the 1980s and 1990s followed an extreme form of Jihadi Salafism. The new element introduced was the revolutionary fervor, with the leaders preaching that to be a Muslim was not just a private matter—one would also have to fight for a profound transformation of the whole society and political system (Sheikhzadegan 2003: 278).

As there was a serious lack of qualified personnel within the country for the implementation of the Arabization policy in the 1980s,<sup>34</sup> the leaders decided to invite Arab intellectuals from other countries such as Egypt, Syria and Iraq. More than a few of those who took up the invitation were radical personalities who were facing difficulties in their own countries, which were happy to get rid of them.<sup>35</sup> These Islamists were able to use the mosques—and this five times a day—to spread their ideological programs and visions of the future, and like the secularist activists, they organized mass demonstrations. This further polarized Algerian society as mosque and street politics began to function as a substitute for organized institutional politics (Aïssaoui 2001: 18). In the 1970s and 1980s, many new mosques were built. Aside from the prestige objects constructed by the rulers to emphasize their religious legitimacy, most of them were improvised people's mosques or free mosques (Kogelmann 2005: 423). The post-colonial state strived to control the activities of the Islamic communities as much as possible by implementing a ministerial administration for their supervision, but many of these new mosques defied any state control. The state reacted to the rise of autonomous mosques during the 1980s by trying to increase the control exercised by the Ministry for Religious Affairs and Islamic Foundations and by making its own investments in religious infrastructure (ibid.). However, as there was a shortage of professionals in this sector, the ministry employed so-called "free imams" in the state controlled mosques; this ultimately ran counter the state's interests, as these imams also contributed to the rising popularity of political Islam. This hiring practice was therefore stopped in 1986.

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<sup>33</sup> Salafism was introduced in Algeria in the 1930s and played a certain role during the war of independence, during which it was aligned with the FLN, but its defenders were rather marginally involved in politics. It gained new influence in the 1980s (Boubekeur 2008: 4f., Kogelmann 2005: 419).

<sup>34</sup> Which also aimed to reduce the influence of the French-speaking elite in Algeria.

<sup>35</sup> Interview with Badreddine Manaa, editor-in-chief of the newspaper *Le soir d'Algérie*, Algiers, 17 February 2008.

Islamic principles and values were also important to the ruling party. They had been an important ingredient of the FLN's charter since the revolution of November 1954, and following independence Islam was embedded in Algeria's constitutional arrangements as the state religion. However, over time the ruling party became more and more divided about the extent to which traditional Muslim prescriptions should be enshrined in legislation while Algeria continued to claim to be a modern secularist state. The various Islamist groups, by contrast, rallied around a single slogan: "la Mithak la Dustur Qal Allah Qal Ar-rasul" (Neither Charter nor Constitution, just the Words of Allah and the Prophet). Despite major differences in their political aims, they argued that Islam should be central to both religion and state and considered the Shar'ia, the Islamic code of religious law, to be the exclusive basis for moral standards, social order, and governance (Aïssaoui 2001: 18). The messages were highly populist, and the movement's radical strand was especially attractive to the marginalized youth in urban areas. A closer look at the content of Islamism shows, however, that an increase in power would probably have meant a change in the political nature of the state but not so much in terms of its economic nature. In the context of Algeria's resource wealth, it can be assumed that political Islam would not have changed so much about the rentier economic system,<sup>36</sup> and that it would also have fit with the kind of market economy and import-based commerce possible within such a rentier economy (Bendib 2006: 33). It is further plausible that President Chadli Benjedid hoped to have the support of the FIS in parliament in order to push through its reforms (Henry 1996: 78f.). In the beginning certain factions of the FLN regime welcomed the success of the Islamist movement as a means to counterbalance the importance of Marxist and Berber movements; however, the movement proved far more difficult to control than was expected (Sheikhzadegan 2003: 277). Many concessions were made to the political Islamists (ibid.: 287), such as the enactment of the "Family Code" in 1984, which reduced women's rights in family and hereditary law, and the release of political prisoners. Ultimately, it was not so much their religious fervor that made so many Algerians vote for the FIS but rather their opinion that the FIS was the only political power really in line to oppose the FLN regime (ibid.: 323). The Islamists were highly critical concerning the administration and its use of the oil revenues and loudly criticized corruption.<sup>37</sup> Many other mainly leftist parties made the same criticisms, but they had little access to funding (Lloyd 2003: 37) and were strongly repressed and stamped out by the state until the only serious opponent left was the FIS. One expert said, "The regime was attacked by the dog it had raised itself to act against the [leftist] opposition. It had become so powerful that it turned against the re-

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<sup>36</sup> Here a comparison with Iran becomes interesting, as the Islamic Revolution may have brought about more aspects of social welfare in the economy but did not overcome the rentier system. A new class of rentiers were now replacing the ruling class of the Shah regime.

<sup>37</sup> Interview with Louisa Dris-Ait Hamadouche, assistant professor of Political Science, Algiers, 4 February 2008.

gime.”<sup>38</sup> The success of the FIS, especially in urban areas where the socioeconomic and demographic problems were most pronounced and palpable, demonstrated the voters’ dissatisfaction with the FLN and their belief that the government could not cope with the economic crisis (Faath 1990: 373). As the other main opposition parties—the mainly Berber-supported Socialist Forces Front (FFS) and the National Democratic Movement (MND)—boycotted the communal elections, not much choice was left to the electorate. When there is a political blockade, religion can be very useful for political mobilization; the values conveyed through religion, such as equity and morality, can coincide with the aspirations to justice and respect that the dominated are seeking to achieve (Moussaoui 2006: 11). This mobilization, however, can get out of control and ultimately lead to violence if it coincides with other unfavorable conditions. There is no doubt that Islam and political Islam are not necessarily dangerous to peace. Some Islamist parties provide young people with ethical and moral guidelines that are valuable even if they do not correspond to Western values. Thus, they can help prevent young people at risk from becoming involved in criminal activities or being recruited by violent Islamic groups (Werenfels 2007b: 106). The radical wing of the FIS in 1989 to 1992, however, did not hide its intention to use the democratic process to achieve an electoral victory and then dismantle the very same process (Werenfels 2005: 9). The radicalization that occurred in the 1980s and 1990s needs therefore also to be seen as an outcome of the interactions between the actors involved, and here the behavior of the elite played a particularly relevant role.

#### 4.2.6 Behavioral Patterns of Elites

Before the civil war (and to some extent still today) the elite in Algeria was largely made up of the “*famille révolutionnaire*,” former Mujahideen who had fought against French domination, and other army members. This relatively new elite, which emerged after the departure of the French settlers, had many privileges, both in economic and political terms. Those who had taken an active part in the war of independence were rewarded. Many former fighters profited from the departure of the French settlers by moving into the economic vacuum left by them (Sorenson 2007). They obtained licenses for private sector activities, and thus “the state became a great source of economic patronage for political purposes” (ICG 2001: 10). However, it is “one of the ironies of Algeria that it was largely the military leaders [...] who did not fight the French that achieved political power” (Cordesman 2002: 151).

This elite long refused to broaden the social base of power, fearing that in doing so it would endanger its interests. Part of the elite first accepted the liberalization of the system in a situation of acute crisis in 1989. But “what initially was designed as liberalization, limited and controlled from above and intended to co-opt and /or pacify critics, soon triggered the development of strong dynamics beyond the control of the regime” (Werenfels 2007a: 13). The alli-

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<sup>38</sup> Interview with Badreddine Manaa, editor-in-chief of the newspaper *Le soir d’Algerie*, Algiers, 17 February 2008.

ance of different factions of the elite—summarized as traditionalists or hard-liners on the one hand and modernists or reformers on the other—was the only way for them to guarantee the continuation of their privileges. Previous attempts to change the system had led only to marginal modifications in the economic management. As described above, the economic liberalization, in addition to other reforms in the agricultural sector, generated opportunities for some members of the elite to acquire massive personal wealth (ICG 2001: 9). In particular, senior military and party officials controlled a number of formerly state-owned assets from the 1980s on, for example, large amounts of formerly state-owned land. As a result, some of the best agricultural land was used for uncontrolled urban development. This led to a decline in the nation's already low food supply, with the result that by the late 1980s approximately two-thirds of the country's food had to be imported, though the country could easily have been self-sufficient (Keenan 2008: 165). However, not only did the scramble for land distort the potential of Algerian agriculture, but the shortages of food and other basic necessities also made the flourishing of the black market possible—with parts of the elite drawing a profit from it (Martinez 2000, Keenan 2008: 165). Thus, the political unrest that erupted in Algeria was shaped by structural deficiencies in the Algerian economy “that the corruption, nepotism, and blundering of Algeria's military leaders did much to create” (Cordesman 2002: 133).

Within the army a group of generals called “eradicators” (as opposed to the “reconciliators”) played a predominant role; when the civil war erupted and as it carried on, they were determined to destroy the Islamists, mainly through military-police force and infiltration (Werenfels 2007b: 81). The official slogan was “terrorize the terrorists,” something which led to massive violations of human rights, including mass executions. More than 6,000 victims of this policy are still considered to be “disappeared.” One of these “eradicators” was the chief of the counter-espionage department of the army's secret service, General Smaïl Lamari. According to a witness, he said in May 1992 that he was “ready and determined to eliminate three million Algerians if necessary to maintain the order the Islamists [were] threatening” (Samraoui 2003: 162, translated by the author). But beyond the army's direct repression and counter-attacks, a recurrent reproach leveled at it is that parts of the Department of Intelligence and Security (DRS) also infiltrated Islamist groups and were thus involved in the latter's most horrific assassinations and massacres (Cordesman 2002: 127). Regardless of whether the accusations of infiltration and massive involvement in war crimes is true, “the military proved to be remarkably ineffective” (ibid: 120) in protecting the population from massacres.

#### **4.2.7 Substate Actors**

In addition to the elite, a range of other actors tried to expand their political power since the 1980s, sometimes using violence and sometimes becoming victims of it. The main groups were the political Islamists, the Berber movement, groups fighting for women's rights and

liberalization, and workers' unions. In the following discussion, the focus will be Islamist groups, as it was groups from among their ranks that were the main actors in the violent conflict with the state and its elite.

The Islamists were active not only in politics and preaching but also in the provision of social welfare, an area in which the government failed dramatically. The FIS has first received national attention in this respect when it helped the victims of an earthquake in October 1989 while the government remained literally paralyzed and ineffective (Cordesman 2002: 115). The party further created a vast network of Islamic charities, which were linked to the affiliated mosques, and in 1989 it launched the Islamic Workers' Union (Syndicat Islamique du Travail—SIT). It also founded organizations for young people and women, which helped them access many social services in communities and cities (Zerrouky 2002: 97). The FIS was not affected by the tighter state budget and the financial crisis and was able to offer many services to improve the material wealth of the society, particularly in poor areas (Sheikhzadegan 2003: 291). It was able to use a broad network of Islamic institutions to do so, and it was seen as standing for integrity and social welfare; this was perhaps the formula for its success.

Important support for the FIS's financing, logistics and recruitment and later that of the Islamist militants came from the politico-religious infrastructure which had already been built long before (Zerrouky 2002: 97). Many businessmen also supported the FIS and its welfare projects (Sheikhzadegan 2003: 324) as they were attracted by the party's promises of tax reduction, deregulation, and business development. Another source of financial resources was the informal economy,<sup>39</sup> which parts of the Islamist movement were heavily involved in. This shadow economy was a very relevant result of and accelerator of the economic crisis. It had been developing steadily since the 1970s in the shadows of the subsidized public market and the restricted legal private market (Dillman 2000: 11). It was a source of job creation, even if a precarious one, and unemployed youth were increasingly involved in these parallel economic activities (ICG 2001: 10). The authorities let it go, partly because some of them were involved as well (Rouadjia 1994: 352f.) and also because they wrongly thought that the development of informal activities would contribute to maintaining social order (Benderra 2002). For the Armed Islamic Groups (GIA) and other armed groups "the parallel economy [...] provided not only economic sustenance but also a fertile recruiting ground" (ICG 2001: 3).

#### **4.2.8 General Conflict Potential in the Region (Spill-over Effects)**

The Algerian conflict did not, of course, occur in an isolated vacuum, even if international stakes in the war appear difficult to establish. Many external factors at least encouraged the occurrence of violence and contributed to its duration (Cavatorta 2009)—and maybe also to

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<sup>39</sup> The income deriving from the parallel market is estimated to have grown from 4 billion DZD in 1974 to 116 billion DZD in 1988 (Goumeziane 1994: 104ff.).

its conclusion. A relevant factor contributing to Algeria's vulnerability to crisis was certainly the high dependency of Algeria on its economic and political relations with other powers—beyond mere hydrocarbon flows. The developments of the late 1980s and early 1990s in Algeria cannot be separated from their international and regional context, even though there were no apparent causal connections between them:

The collapse of single-party and single-ideology systems, the discrediting of socialist models, the weakening of nationalist and progressive forces in the Arab world, and the resurgence of 'political Islam' in the Middle East, all of these combined to offer a favourable environment which set in motion the widespread rejection of the FLN's rule and the assertion of long-suppressed ideological, cultural-linguistic and political currents.

(Aïssaoui 2001: 16)

The embedding of Algeria's internal processes within the overall development of the region is therefore pertinent.

Further, the Algerian population was highly politicized and some world events—such as the first Palestinian Intifada of 1987 and the Gulf War of 1991—had repercussions on it (Lloyd 2003: 37). The regime's support for the Gulf War created a larger gap between the government and its population and increased Islamist movements' opportunities to gain support. The war in Afghanistan also had an effect on Algeria, as many of the militant Islamists in Algeria had formerly been combatants in Afghanistan; they came back with training and war experience and they were ideologically streamlined, determined to fight for the Islamist cause, and connected to an international network (Faath/Mattes 1996). The success of the Islamists in Afghanistan needs to be seen in connection with the support provided by the United States to fight the Soviet Union, which had occupied Afghanistan (Sheikhzadegan 2003: 322). The returnees to Algeria were mainly organized within the GIA (Zerrouky 2002: 69ff.) and were very much devoted to jihad. With the critical economic situation in Algeria affecting large parts of the population, the radical and militant Islamic ideas fell on fertile ground. Of course, the victory of the Islamic revolutionary movement in Iran, the Islamist coup against the Bhutto government in Pakistan, and the assassination of Anwar Sadat by an Egyptian Islamist were also important sources of inspiration for the Algerian Islamists, as was the resistance movement of the Palestinian Intifada (Sheikhzadegan 2003: 275f.). It was also suspected that Western influences were behind President Benjedid's much-criticized austerity program (Willis 1996: 101). All these factors together certainly boosted support for the Islamists.

#### *4.2.9 Interdependency of the Country (Economic/Political) and Relations with Other Powers*

The fact that many resource-rich developing countries have been outperformed by resource-poor developing countries since the 1960s is sometimes explained by the difficulties oil-rich countries have in integrating themselves into the international economy (Lal/Myint 1996, Auty 2003). Algeria tried twice to integrate into the world economy but was not successful in this endeavor (Auty 2003: 37). The first effort was the rapid industrialization process pushed forward by the government in the 1970s and early 1980s; the second was an economic liberalization program backed by the international financial institutions and attempted during the civil war (ibid.). Algeria was and remains only partly integrated in the global economy and very vulnerable in terms of its international economic relationships.

Due to its high oil income, Algeria could easily access foreign loans in the 1970s and early 1980s. The increase in its foreign debt described above reveals the increasing dependence of the country of foreign capital markets. The dependency on foreign technology was also very high (Aouragh 1996: 99). The search for foreign investment and foreign expertise somehow prevented the development of local expertise and capital. Algeria's mounting economic and social problems had for a long time been concealed from outside observers by its appearance on the international scene: "What the rest of the world knew best of Algeria in the 1970s was its active role within OPEC, its involvement in the nonaligned movement and its staunch support of developing nations for a greater share of world economic power" (Aïssaoui 2001: 13). But this greater share the Algerian leaders fought for was spoiled by the leaders themselves as they did little to reduce the dependence of the country; in fact, some of them drew a profit from Algeria's growing import dependence. In the late 1980s and especially in the 1990s, this picture of being highly involved internationally and promoting other developing countries was turned upside down and Algeria found itself really isolated from the international community, especially Western countries. The Algerian government, further, promoted this isolation itself in trying to avoid any interference from outside.

The internal reasons for the failure to develop a productive economy have been described above. However, other actors from outside the country also had an interest in keeping Algeria import dependent. Much of its oil wealth was transferred to companies in France, Russia, the US and other countries, which in turn provided goods, weapons, or "ready-for-use" facilities for industrial production. This aspect is not irrelevant, though it is largely ignored when it comes to analyses of oil rentier states. Even when large investments were made in production facilities, these were also imported and many did not function as planned; they even increased the country's dependence. A great deal of the products for domestic consumption was produced abroad, and much of the domestic (mainly hydrocarbon) production was consumed and processed to become higher-value goods abroad.

Further, the financing of the conflicting parties can partly be traced back to sources outside the country. The Algerian government, on the one side, received a significant amount of support in the early 1990s in the form of investment in the oil and gas industry, development aid, and debt rescheduling from the countries of the European Union, the US, and international organizations. France and other European governments sent aid to support the secular regime: France provided US\$550 million in 1992 to help Algeria import food, and a Western consortium provided US\$1.45 billion in loans to ease the debt pressure. "A substantial amount of these funds disappeared into the hands of the senior officers" (Cordesman 2002: 117), and of course they helped to sustain the activities of the military. The Islamists, on the other side, also had well-established channels of funding from sources outside the country: "Different currents among the Islamists were funded by a variety of sources such as Iranian and Saudi sources and Islamic banks" (Lloyd 2003: 37). The FIS, for instance, obtained a great deal of financial support from Saudi Arabia (Henry 1996: 81). This significantly helped it to buy popular support through social welfare activities, etc. The arms the radical Islamists used during the war were partly sent by partners based in France, Germany and Eastern Europe (Zerrouky 2002: 104ff.).

But it was not only finances that were relevant in terms of the impact of international dynamics on the conflict. Algeria's close ties to France were obvious: In the early 1990s, nearly 20 percent of all Algerian exports were going to France, and much of Algeria's imports came from its former colonizer. More than one million Algerians lived in France, and in Algeria many people were French-speaking, which led to an important cultural overlap. But the Arabization of Algeria and the increased polarization between the French-speaking elite and the Arab-speaking masses had mobilized anti-French resentment. The FIS's success was therefore also an indication of the reassertion of an independent national identity (Sheikhzadegan 2003: 282). The party also benefited from the widespread critiques of France's support for the FLN regime. The Algerian Islamists suspected the French government of being behind the advice to cancel the second round of the legislative elections—despite of the official call of French president François Mitterrand to resume the elections immediately. Islamist groups thus started to target French citizens and interests in Algeria. As former colonial power, France still had (and still has today) considerable stakes in Algeria (Aïssaoui 2001: 22). Political analyst Hugh Roberts argues that

contrary to appearances, France had consistently put its national self-interest above peace and stability in Algeria and, as a result, 'played both ends against the middle' (Roberts 1998: 40). By opportunistically supporting the hard-liners on each side of the Algerian divide, the French government undermined efforts by its European partners, as well as serious attempts by the USA, to influence events.

(quoted by Aïssaoui 2001: 24)

Further, those in power in Algeria managed to activate the fears of Europeans and Americans that Algeria could become a theocracy like Iran (Werenfels 2007b: 81). This claim became more effective with the rising violence of Islamist groups over the course of the war.

As has been demonstrated, the general contextual conditions not linked or not directly linked to resources were crucial factors in the outbreak of the conflict. The extent to which they impacted each other and the resource-specific context will be explored in the final section.

### 4.3 Synthesis: The Interplay of the Contextual Conditions

The various contextual conditions presented above are all considered to have been relevant—some more than others—to the outbreak of the Algerian intrastate war in 1992, but questions remain as to how they reinforced each other and which of them might have been most decisive. In this section, I will answer this paper's initial questions and, subsequently, analyze the specific interplay of the various contextual conditions.

The first question, if resource wealth and other resource-specific conditions contributed to the eruption of the intrastate war in Algeria, can be answered briefly by stating that the effect was considerable but mainly indirect. The country's oil wealth partly explains the onset of the war: as the wealth per capita was relatively low, struggles over the distribution of the resource revenues were likely. Due to Algeria's dependence on oil, its wealth dramatically decreased after the price shock suffered in the 1980s. This type of event can trigger violence when the population expresses its grievances over the sudden drop in purchasing power. Consequently, out of the three causal mechanisms—opportunity, motive and indirect—substantial support can be demonstrated only for the indirect mechanisms. There is little evidence that the war was primarily about the control of oil, though this cannot be excluded. The resources were not lootable, and thus the Islamist fighters could not use them as a source of substantial financing of their fighting activities.

Here the link to the second question becomes pertinent. This paper has asked which causal mechanisms the resource-violence link worked through if this link was mainly indirect. The importance of the hydrocarbon sector, and especially the rent generated by it, has been confirmed in this analysis. As the economic crisis is reckoned to be one of the structural causes of the outburst of violence, the one-sidedness of the economy—heavily dominated by hydrocarbon production—definitely contributed to subsequent events. In particular, the heavy dependence of the state budget and of the whole economy on this sector—not so much the wealth in itself—made the system vulnerable.

Referring to the resource curse thesis, one could argue that Algeria's resource wealth provided an *opportunity* for the army to finance its activities in the conflict. The distribution of the rent deriving from the sector was highly competitive among those with close connections to decision makers. The rentier state theory also helps significantly in understanding Alge-

ria's economic development problems and its tendency towards authoritarianism. It is useful for understanding the mechanisms linking the state and business in distributive systems and, thus, for tracing their failure. For the actual outbreak of violence, however, other mechanisms have to be taken into account. The impact of the hydrocarbons was definitely only indirect.

The third question, the most complex one, asked which other contextual conditions might have equal or more explanatory power than the resource-related factors. Here a broad range of crucial conditions have been identified, including, among others, the general socio-economic deficiencies of the economy, the behavioral patterns of the elite, and the efficiency and legitimacy of political institutions. As we have seen, it was not only the resource rents but also many other sectors, especially in the booming import business, that were the object of rent-seeking within the Algerian economy. Some people close to the elite could easily infiltrate the import sector mainly because the power structure of the country allowed for the nontransparent distribution of licenses. The result was a highly clientelistic private sector and, in its shadow, a vibrant informal economy. This informal economy, in turn, was profitable for the Islamist groups—for their charities and for their military activities.

The unpredictability of the outcomes of policies due to the limited rationality of the actors merits consideration as well: the relevant actors might have had good ideas, but they were short-sighted and absolutely neglected the possibility of those events that ultimately impeded their success. Further, different degrees of greed among the relevant actors, their desire to maintain or access power, and their high level of readiness to fight and kill for these goals made the quick escalation possible. The fact that these actors were able to make their imperfect decisions was also due to the limited efficiency of the political institutions in place at the time. A lack of checks and balances, transparency, and democratic control resulted in a highly inefficient system from the perspective of overall development, something which can breed the potential for violence. From this perspective, the crisis in Algeria appears to have been a vicious circle: the military coup, under the pretext of saving the republic, clearly failed to solve Algeria's woes. Instead of stabilizing the country, this coup exacerbated the country's problems, as "military repression and the military leadership's support of 'statist' rule had been their major cause" (Cordesman 2002: 117) in the first place, the subsequent escalation of violence, which will have to be analyzed in a separate paper, entrenched this antagonism much more deeply, and violence became the only means by which to express resistance.

Thus, the various contextual conditions—both resource- and non-resource-specific—seem altogether to have played a considerable role in the escalation of violence, and they clearly interacted and reinforced each other. In light of this fact, we can assume that the drop in oil prices would not have had such far-reaching consequences for the economy if Algeria had not been so indebted. Thus, the optimism at the time concerning the development of the oil price and the adoption of inadequate development models ("industrializing industries") also played their part in bringing the country into dire straits. To finance the overall budget defi-

cit in the aftermath of the oil price drop, Algeria took out further loans, with dramatic consequences. General developments—such as demographic growth, the large share of young people in the population (“youth bulge”), and the high urbanization rate—made the structural deficits of the economy more imminent and conflictual. The combination of the demographic explosion, rising unemployment, and soaring social needs in a context of dropping hydrocarbon revenues and the general identity crisis of a Muslim society whose traditional values had become a source of division rather than unity clearly played their part in undermining the system (Aïssaoui 2001: 9). None of these factors alone can be considered to have been responsible for what followed.

While the rise of popular identification with Islamism and the success of Islamist parties in Algeria had many causes, it was linked to the government’s mismanagement of the economy and popular grievances against the ruling elite. The most visible arenas of conflict were culture, identity, and ideology, but the regime’s legitimacy would not have been contested so deeply if the widespread frustration resulting from mass unemployment and the deterioration of social and economic conditions, partly caused by the ruling elite’s miscalculations, had not existed (Lloyd 2003: 37). On the whole, “[i]nstead of strengthening the civilian wing of the political class as the indispensable precondition of a sustainable process of liberalization, the premature introduction of formal pluralism gravely weakened it” (Roberts 2007: 3). The Islamist discourse was developing and tolerated, while other, secular, movements were largely repressed. Then, with the return of the Algerian fighters from Afghanistan, the tendency towards violence received an unexpected impetus. The last point also demonstrates the importance of international developments for national events. Both conflicting parties had supporters outside of the country, and the latter’s interests can be assumed to have sometimes included Algeria’s resource endowments.

## **5 Conclusion: Implications for Theoretical Approaches and Further Research**

The analysis of the onset of Algeria’s intrastate war undertaken in this paper has aimed to contribute to the evaluation of different theoretical approaches that explain the occurrence of physical violence in resource-wealthy countries in general. As Algeria is indeed a resource-wealthy—and resource-dependent—state when viewed from an internal perspective, the (indirect) impacts of oil and gas on its economy, society, and maybe also on its conflicts are difficult to deny. This paper has used the resource curse approach and the rentier state theory to understand this impact, but it has also gone one step further, adopting a context-sensitive approach. This approach juxtaposes conditions directly linked to the resource sector with the general conflict-fueling conditions diagnosed in the country. The discussion has taken into account conditions both within the country and in the international context. The application of a context matrix has allowed for the examination of the interplay of resource-related factors and other conflict-driving forces, such as socioeconomic, demographic, and

ideological changes. In doing this, the author has aimed not only to contribute to the general understanding of the resource-violence link but also to provide new insights into the eruption of violence in Algeria.

The analysis has demonstrated that Algeria's oil and gas resources—mainly due to the dependency of the Algerian economy on them—indeed had an impact. But only through their interplay with other resource-specific and general conditions did the drop in world oil prices and thus the drop in oil rents have its disastrous effects. The chain of events leading to the civil war was not predictable, as so many factors played a role, and it has to be reemphasized that resource wealth is by no means a determinant of violence. The main result of this analysis is therefore a confirmation of the initial assumption that “context matters.” However, cautionary measures to avoid the downwards spiral of crisis could have been applied during the boom times as the probability of such a crisis already existed.

Many aspects make Algeria a unique case, and the features of its internal war are difficult to compare with the experiences of other countries. Given the complexity of the conflict, this case study is far from exhaustive and many other contextual conditions remain to be examined. No new theory can be based on this context approach, but the paper has shown that current understandings of conflict in resource-wealthy countries need to adopt a broader perspective. The investigation of Algeria and the three other countries as part of the DFG-financed research project “Is Resource Wealth a Risk Factor? On the Importance of Contextual Conditions for the Connection Between Natural Resources and Violence in Non-OECD States” is an initial step in this process. The next step will be to use the insights gained to carry out a comparative analysis and, through this, hopefully derive generalizable assumptions.

This research project aims to contribute to the further development of instruments that can help to prevent and resolve negative developments such as those in Algeria. Many reform measures are already being taken by the Algerian government and other resource-rich states. However, whether they are really addressing the roots of the propensity to violence is questionable. Though violence has declined in Algeria since the beginning of the new millennium, the underlying problems of popular disengagement from politics, people's frustration, and people's inclination to radical ideologies have not been sufficiently addressed. The intra-state war and the continuing violence have further blocked the development of the society, if not caused a regression, and this has fueled the vicious circle of recurring violence. Therefore, the results of the studies undertaken within the framework of this research project should, in the long run, contribute to the development of better policies for improving the economic, social and sociocultural conditions in resource-rich countries and thereby reduce the susceptibility to violence which characterizes some of them.

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